

**OSAGE CITY UNIFIED SCHOOL DISTRICT NO. 420**

**STATUTORY BASIS FINANCIAL STATEMENTS**  
For the year ended June 30, 2011

And

**INDEPENDENT AUDITORS' REPORTS**

**Long CPA, PA**  
**A Professional Association**  
**Certified Public Accountants**

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OSAGE CITY UNIFIED SCHOOL DISTRICT NO. 420

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Board of Education  
Unified School District No. 420  
Osage City, Kansas 66523

## **INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS**

We have audited the financial statements of Unified School District No. 420, Osage City, Kansas, as of and for the year ended June 30 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the Kansas Municipal Audit Guide and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

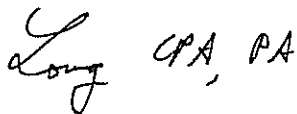
As described more fully in Note 1, Unified School District No. 420 has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonable determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 420 as of June 30, 2011, or the changes in its financial position for the year then ended.

In our opinion the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the Unified School District No. 420, as of June 30, 2011, and its cash receipts and expenditures, budgetary comparisons, and changes in long-term debt and long-term debt maturities for the year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2011, on our consideration of Unified School District No. 420's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Unified School District No. 420's basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of findings and questioned costs are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Unified School District No. 420. The schedule of expenditures of federal awards and schedule of findings and questioned costs have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Long CPA, PA".

Long CPA, PA  
A Professional Association  
Certified Public Accountant

October 7, 2011

USD #420 OSAGE CITY, KANSAS  
Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended June 30, 2011

Statement 1

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Type Funds</b>							
General Funds							
General	\$ (431,425)	\$ 0	\$ 4,897,126	\$ 4,855,502	\$ (389,801)	\$ 10,317	\$ (379,484)
Supplemental General	(74,804)	0	805,588	735,000	(4,216)	130,500	126,284
Special Revenue Funds							
Vocational Education	20,000	0	45,000	61,348	3,652	7,736	11,388
Special Education	225,964	0	699,163	880,992	44,135		44,135
Food Service	38,985	0	329,646	352,194	16,437	573	17,010
Capital Outlay	756,199	0	145,804	266,684	635,319	15,060	650,379
Recreation Commission	0	0	7	7	0		0
Professional Development	46,605	0	16,711	16,711	29,894	250	30,144
KPERS Special Contribution	0	0	221,306	221,306	0		0
At Risk (K-12)	0	0	413,645	413,645	0	109	109
District Activity Funds	25,483	0	71,372	75,275	21,580		21,580
Contingency Reserve Fund	377,105	0	0	0	377,105		377,105
Title I	5,987	0	162,759	135,019	33,727	588	34,315
Title IID - Ed Tech	0	0	2,636	2,636	0	2,514	2,514
Title IIA - Teacher Quality	0	0	29,207	29,207	0	396	396
Learning Tree Grant	2,731	0	0	590	2,141		2,141
Debt Service Funds							
Bond and Interest Fund	509,124	0	451,663	493,710	467,077		467,077
Total Reporting Entity	\$ 1,501,954	\$ 0	\$ 8,274,922	\$ 8,539,826	\$ 1,237,050	\$ 168,043	\$ 1,405,093
<b>Composition of Cash</b>							
					Checking Accounts		\$ (511,091)
					Savings Accounts		1,951,804
					Petty Cash		950
					Municipal Investment Pool		-
					Total Cash		1,441,663
					Agency Funds per Statement 4		36,570
					Total Reporting Entity		\$ 1,405,093

The notes to the financial statements are an integral part of this statement.

**USD #420 OSAGE CITY, KANSAS**  
**Summary of Expenditures - Actual and Budget**  
**For the Year Ended June 30, 2011**

Statement 2

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustments to Comply with Legal Max</u>	<u>Adjustments for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Favorable (Unfavorable)</u>
<b>Governmental Type Funds</b>						
<b>General Funds</b>						
General	\$ 4,989,323	\$ (133,821)	\$ 0	\$ 4,855,502	\$ 4,855,502	\$ 0
Supplemental General	735,000	0	0	735,000	735,000	0
<b>Special Revenue Funds</b>						
Vocational Education	80,000	0	0	80,000	61,348	18,652
Special Education	1,368,525	0	0	1,368,525	880,992	487,533
Food Service	366,983	0	0	366,983	352,194	14,789
Capital Outlay	670,000	0	0	670,000	266,684	403,316
Recreation Commission	200	0	0	200	7	193
Professional Development	46,605	0	0	46,605	16,711	29,894
KPERS Special Contribution	287,418	0	0	287,418	221,306	66,112
At-Risk Fund (K-12)	477,829	0	0	477,829	413,645	64,184
<b>Debt Service Funds</b>						
Bond and Interest	493,810	0	0	493,810	493,710	100

The notes to the financial statements are an integral part of this statement.

USD #420 OSAGE CITY, KANSAS  
GENERAL FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 459,451	\$ 439,129	\$ 20,322
Delinquent tax	10,447	5,507	4,940
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	227,893	82,840	145,053
State aid/grants	4,199,335	4,461,847	(262,512)
Charges for services			0
Interest income			0
Miscellaneous revenues	0		0
Operating transfers			0
	<u>4,897,126</u>	<u>4,989,323</u>	<u>(92,197)</u>
<b>EXPENDITURES</b>			
Instruction	2,166,820	2,002,347	(164,473)
Student support services	152,679	146,080	(6,599)
Instruction support staff	190,091	187,733	(2,358)
General administration	149,385	135,900	(13,485)
School administration	346,815	320,811	(26,004)
Operations and maintenance	731,290	486,975	(244,315)
Student transportation services	129,584	101,846	(27,738)
Central support services			0
Other support services	117,090	52,319	(64,771)
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	871,748	1,555,312	683,564
Adjustment to comply with legal max		(133,821)	(133,821)
Adjustment for qualifying budget credits		0	0
	<u>4,855,502</u>	<u>\$ 4,855,502</u>	<u>\$ 0</u>
<b>Total Expenditures</b>			
	<u>4,855,502</u>	<u>\$ 4,855,502</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	41,624		
Unencumbered Cash, Beginning	(431,425)		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ (389,801)</u>		

See Note 11 (cash basis exception)

See Note 12 (statutory presentation)

The notes to the financial statements are an integral part of this statement.



USD #420 OSAGE CITY, KANSAS  
SUPPLEMENTAL GENERAL FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 325,746	\$ 364,498	\$ (38,752)
Delinquent tax	5,725	3,257	2,468
Motor vehicle tax	34,327	38,336	(4,009)
RV tax	589	639	(50)
Mineral production tax			0
Federal grants	0		0
State aid/grants	439,201	389,829	49,372
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>805,588</u>	<u>796,559</u>	<u>9,029</u>
<b>EXPENDITURES</b>			
Instruction	403,940	604,922	200,982
Student support services		0	0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance		0	0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	331,060	130,078	(200,982)
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>735,000</u>	<u>\$ 735,000</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	70,588		
Unencumbered Cash, Beginning	(74,804)		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ (4,216)</u>		

See Note 11 (cash basis exception)

See Note 12 (statutory presentation)

The notes to the financial statements are an integral part of this statement.

USD #420 OSAGE CITY, KANSAS  
 VOCATIONAL EDUCATION FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>45,000</u>	<u>60,000</u>	<u>(15,000)</u>
Total Cash Receipts	<u>45,000</u>	<u>60,000</u>	<u>(15,000)</u>
<b>EXPENDITURES</b>			
Instruction	61,348	77,000	15,652
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services		3,000	3,000
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>61,348</u>	<u>\$ 80,000</u>	<u>\$ 18,652</u>
Receipts Over (Under) Expenditures	(16,348)		
Unencumbered Cash, Beginning	20,000		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 3,652</u>		

The notes to the financial statements are an integral part of this statement.

USD #420 OSAGE CITY, KANSAS  
SPECIAL EDUCATION FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>699,163</u>	<u>1,142,561</u>	<u>(443,398)</u>
Total Cash Receipts	<u>699,163</u>	<u>1,142,561</u>	<u>(443,398)</u>
<b>EXPENDITURES</b>			
Instruction	849,709	1,268,525	418,816
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services	31,283	100,000	68,717
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>880,992</u>	<u>\$ 1,368,525</u>	<u>\$ 487,533</u>
Receipts Over (Under) Expenditures	(181,829)		
Unencumbered Cash, Beginning	225,964		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>44,135</u>		

The notes to the financial statements are an integral part of this statement.

USD #420 OSAGE CITY, KANSAS  
 FOOD SERVICE FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants	175,792	151,363	24,429
State aid/grants	3,517	2,763	754
Charges for services	105,133	98,873	6,260
Interest income			0
Miscellaneous revenues	204	40,000	(39,796)
Operating transfers	<u>45,000</u>	<u>35,000</u>	<u>10,000</u>
Total Cash Receipts	<u>329,646</u>	<u>327,999</u>	<u>1,647</u>
<b>EXPENDITURES</b>			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	478	40,563	40,085
Student transportation services			0
Central support services			0
Other support services			0
Food service operations	351,716	326,420	(25,296)
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>352,194</u>	<u>\$ 366,983</u>	<u>\$ 14,789</u>
Receipts Over (Under) Expenditures	(22,548)		
Unencumbered Cash, Beginning	38,985		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	\$ <u>16,437</u>		

The notes to the financial statements are an integral part of this statement.

USD #420 OSAGE CITY, KANSAS  
CAPITAL OUTLAY FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 105,049	\$ 101,048	\$ 4,001
Delinquent tax	2,715	1,269	1,446
Motor vehicle tax	13,678	15,282	(1,604)
RV tax	235	255	(20)
Flood control	330		
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income	6,218		6,218
Miscellaneous revenues	17,579		17,579
Operating transfers			0
	<u>145,804</u>	<u>117,854</u>	<u>27,620</u>
<b>EXPENDITURES</b>			
Instruction	104,731	150,000	45,269
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services	161,953	70,000	(91,953)
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services		450,000	450,000
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>266,684</u>	<u>\$ 670,000</u>	<u>\$ 403,316</u>
<b>Total Expenditures</b>			
	<u>266,684</u>	<u>\$ 670,000</u>	<u>\$ 403,316</u>
Receipts Over (Under) Expenditures	(120,880)		
Unencumbered Cash, Beginning	756,199		
Prior Year Cancelled Encumbrances			
	<u>        </u>		
Unencumbered Cash, Ending	\$ <u>635,319</u>		

The notes to the financial statements are an integral part of this statement.

USD #420 OSAGE CITY, KANSAS  
 RECREATION COMMISSION FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax	7	200	(193)
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>7</u>	<u>200</u>	<u>(193)</u>
Total Cash Receipts			
<b>EXPENDITURES</b>			
Instruction			0
Student transportation services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student support services			0
Central support services			0
Other support services			0
Food service operations			0
Community service operations	7	200	193
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>7</u>	<u>200</u>	<u>193</u>
Total Expenditures			
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

The notes to the financial statements are an integral part of this statement.

USD #420 OSAGE CITY, KANSAS  
PROFESSIONAL DEVELOPMENT FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Receipts			
<b>EXPENDITURES</b>			
Instruction			0
Student support services			0
Instruction support staff	16,711	46,605	29,894
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>16,711</u>	<u>\$ 46,605</u>	<u>\$ 29,894</u>
Total Expenditures			
Receipts Over (Under) Expenditures	(16,711)		
Unencumbered Cash, Beginning	46,605		
Prior Year Cancelled Encumbrances			
	<u>\$ 29,894</u>		
Unencumbered Cash, Ending			

The notes to the financial statements are an integral part of this statement.

USD #420 OSAGE CITY, KANSAS  
 KPERS SPECIAL RETIREMENT CONTRIBUTION FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants	221,306	287,418	(66,112)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>221,306</u>	<u>287,418</u>	<u>(66,112)</u>
Total Cash Receipts			
<b>EXPENDITURES</b>			
Instruction	146,723	171,359	24,636
Student support services	5,242	8,000	2,758
Instruction support staff	12,436	29,000	16,564
General administration	6,651	9,000	2,349
School administration	18,690	25,000	6,310
Operations and maintenance	14,535	20,000	5,465
Student transportation services	3,350	6,443	3,093
Central support services			0
Other support services	6,420	9,616	3,196
Food service operations	7,259	9,000	1,741
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>221,306</u>	<u>287,418</u>	<u>66,112</u>
Total Expenditures			
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

The notes to financial statements are an integral part of this statement.



USD #420 OSAGE CITY, KANSAS  
AT RISK FUND (K-12)  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income		10,000	(10,000)
Miscellaneous revenues		20,000	(20,000)
Operating transfers	413,645	447,829	(34,184)
<b>Total Cash Receipts</b>	<u>413,645</u>	<u>477,829</u>	<u>(64,184)</u>
<b>EXPENDITURES</b>			
Instruction	412,568	476,752	64,184
Student support services	1,077	1,077	0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
<b>Total Expenditures</b>	<u>413,645</u>	<u>\$ 477,829</u>	<u>\$ 64,184</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

The notes to financial statements are an integral part of this statement.

USD #420 OSAGE CITY, KANSAS  
BOND AND INTEREST FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 218,534	\$ 209,948	\$ 8,586
Delinquent tax	5,550	2,557	2,993
Motor vehicle tax	26,969	30,195	(3,226)
RV tax	463	503	(40)
Federal grants			0
State aid/grants	200,147	202,421	0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
<b>Total Cash Receipts</b>	<u>451,663</u>	<u>445,624</u>	<u>8,313</u>
<b>EXPENDITURES</b>			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service	493,710	493,810	100
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
<b>Total Expenditures</b>	<u>493,710</u>	<u>\$ 493,810</u>	<u>\$ 100</u>
Receipts Over (Under) Expenditures	(42,047)		
Unencumbered Cash, Beginning	509,124		
Prior Year Cancelled Encumbrances	<u>0</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 467,077</u>		

The notes to financial statements are an integral part of this statement.

USD #420 OSAGE CITY, KANSAS  
 ANY NONBUDGETED FUNDS  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2011

	Title II-D Ed Tech	Contingency Reserve	Title 1
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Federal grants	2,636		162,759
State aid/grants			
Charges for services			
Interest income			
Miscellaneous revenues			
Operating transfers			
	<u>2,636</u>	<u>0</u>	<u>162,759</u>
<b>EXPENDITURES</b>			
Instruction	2,636		135,019
Student support services			
Instruction support staff			
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u>2,636</u>	<u>0</u>	<u>135,019</u>
Receipts Over (Under) Expenditures	0	0	27,740
Unencumbered Cash, Beginning	0	377,105	5,987
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>0</u>	\$ <u>377,105</u>	\$ <u>33,727</u>

The notes to the financial statements are an integral part of this statement.

USD #420 OSAGE CITY, KANSAS  
 ANY NONBUDGETED FUNDS  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2011

	<u>Title II-A Teacher Quality</u>	<u>Learning Tree Grant</u>
<b>CASH RECEIPTS</b>		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Federal grants	29,207	
State aid/grants		
Charges for services		
Interest income		
Miscellaneous revenues		
Operating transfers		
	<hr/>	<hr/>
Total Cash Receipts	29,207	0
	<hr/>	<hr/>
<b>EXPENDITURES</b>		
Instruction	29,207	590
Student support services		
Instruction support staff		
General administration		
School administration		
Operations and maintenance		
Student transportation services		
Central support services		
Other support services		
Food service operations		
Student activities		
Facility acquisition and construction services		
Debt service		
Operating transfers		
Adjustment for qualifying budget credits		
	<hr/>	<hr/>
Total Expenditures	29,207	590
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	0	(590)
Unencumbered Cash, Beginning	0	2,731
Prior Year Cancelled Encumbrances	0	0
	<hr/>	<hr/>
Unencumbered Cash, Ending	\$ <u>0</u>	\$ <u>2,141</u>

The notes to the financial statements are an integral part of this statement.

USD #420 OSAGE CITY, KS  
 AGENCY FUNDS  
 Statement of Cash Receipts and Cash Disbursements  
 For the Year Ended June 30, 2011

Statement 4

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Barnes Scholarship	\$ 300	\$	\$	\$ 300
Gamble Scholarship	6,490		550	5,940
Brady Scholarship	1,750		500	1,250
High School				
Alumni Gifts	206			206
Class of 2010	0	1,100	1,100	0
Class of 2011	2,000	68	2,068	0
Class of 2012	632	18,979	18,246	1,365
Class of 2013	100	145		245
Class of 2014	0	85		85
Class of 2015	0	50		50
Art Club	1,387	458	346	1,499
Drama Club	1,564	454	2,018	0
School play	0	2,850	1,142	1,708
Fellowship of Christian Athletes	328			328
HS Chorus	868			868
HS Chorus Fundr	274			274
Student Council	683	1,417	1,377	723
Music Fund	1,530	673	1,533	670
National Forensic League	2,090	1,744	1,828	2,006
Scholars Bowl	187	210	176	221
Spanish Club	483	404	183	704
National Honor Society	2,908	2,610	2,967	2,551
Key Club	795	769	469	1,095
Tri M	0			0
Cheerleaders	1,841	4,743	4,266	2,318
Pep Club	241	103	46	298
Dance Club	708	3,813	3,999	522
Sales Tax	0	9		9
Middle School				
Student Council	3,060	2,551	5,509	102
Middleschool Cheerleaders	545	4,952	5,126	371
Builders' Club	689	14,805	12,150	3,344
Sales Tax	57	1,639	1,679	17
Elementary School				
Student Council	6,310	2,561	1,370	7,501
Total	\$ <u>38,026</u>	\$ <u>67,192</u>	\$ <u>68,648</u>	\$ <u>36,570</u>

The notes to the financial statements are an integral part of this statement.

USD #420 OSAGE CITY, KANSAS  
DISTRICT ACTIVITY FUNDS  
Statement of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Gate Receipts</b>							
Elementary School							
Kids choir	\$ 50	\$	\$	\$	50	-	50
Middle School							
Athletics	4,540		10,388	11,749	3,179	-	3,179
High School							
O Club	306			306	0		0
OC football	4,794		7,682	7,827	4,649		4,649
Athletics	3,919		22,358	23,807	2,470	-	2,470
<b>Subtotal Gate Receipts</b>	<b>13,609</b>	<b>0</b>	<b>40,428</b>	<b>43,689</b>	<b>10,348</b>	<b>0</b>	<b>10,348</b>
<b>School Projects</b>							
High School							
Color guard	259		938	511	686	-	686
Industrial technology	0		2,696	2,696	0		-
Weightlifting fund	449				449	-	449
Baseball	14		868	741	141	-	141
Volleyball	300		3,358	3,166	492	-	492
Track	0				0		-
Library fines	52			52	0	-	-
Horticulture	1,041				1,041	-	1,041
Junior Class Equipment	162		250	38	374	-	374
OCHS Pride fund	1,995		9,128	9,142	1,981	-	1,981
Scholarship fund	0				0		-
High School Yearbook	2,380		8,630	8,965	2,045	-	2,045
High School technology fund	1,335		602		1,937	-	1,937
ACCC fee fund	1,237		1,633	2,223	647	-	647
Technology solution	0		239	122	117	-	117
Middle School							
Middle School Yearbook	2,650		2,602	3,930	1,322		1,322
<b>Subtotal School Projects</b>	<b>11,874</b>	<b>0</b>	<b>30,944</b>	<b>31,586</b>	<b>11,232</b>	<b>0</b>	<b>11,232</b>
<b>Total District Activity Funds</b>	<b>\$ 25,483</b>	<b>\$ 0</b>	<b>\$ 71,372</b>	<b>\$ 75,275</b>	<b>\$ 21,580</b>	<b>\$ 0</b>	<b>\$ 21,580</b>

The notes to financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

USD No. 420 is a municipal corporation governed by an elected seven member board. The District as an entity has been defined to include, on a combined basis, (a) USD No. 420 (b) organizations for which USD No. 420 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No. 420 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are currently no organizations which meet the foregoing criteria for being combined in the District's report.

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year 2011:

Governmental Funds

General Fund – To account for the resources except those required to be accounted for in another fund.

Special Revenue Funds – To account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to be expended for specified purposes.

Debt Service Funds – To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Fiduciary Funds

Agency Funds – To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Statutory Basis of Accounting**

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

**Departure from Generally Accepted Accounting Principles (GAAP)**

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursement, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenues and matured principle and interest payable, and reservations of fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with United States generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements..



UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Reimbursed Expenses

Expenditures in the amount of \$ -0- are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Budgetary Information

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5<sup>th</sup>.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenues other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that

UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

time. There were budget amendments in the General Fund, At-Risk Fund, and Special Education Fund during the year 2011.

The statutes permit transferring budgeted amounts between accounts within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the city for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds and trust funds and the following special revenue funds:

Learning Tree Grant Fund	Title IIA Fund
District Activity Funds	Title IID Fund
Title I Fund	Contingency Reserve Fund
State Improvement Grant Fund	

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.

UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Use of Estimates**

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimates.

**NOTE 2 – Deposits and Investments**

**Deposits**

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the government is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices. The District had no investments during 2011.

**Concentration of Credit Risk**

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal

UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

NOTES TO FINANCIAL STATEMENTS

**NOTE 2 – Deposits and Investments (continued)**

**Custodial Credit Risk – Deposits (continued)**

Home Loan Bank of Topeka, except during designated “peak periods” when required coverage is 50%. All deposits were legally secured at June 30, 2011.

At June 30, 2011, the District’s carrying amount of deposits was \$ 1,405,093 and the bank balance was \$ 2,076,130. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institutions’ agents in the district’s name.

**Custodial Credit Risk – Investments**

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

**NOTE 3 – Defined Benefit Pension Plan**

**Plan Description** – USD No. 420 participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

**Funding Policy** – K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees’ contributions are withheld by their employer and paid to KPERS according to the provisions of section 414 (h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.17% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas’ contributions to KPERS for the

UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – Defined Benefit Pension Plan (continued)**

year ended June 30, 2011 was \$ 188,864,352 with a remaining balance of \$ 64,969,692 which was received by July 12, 2011.

**NOTE 4 – Risk Management**

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the county carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

**NOTE 5 – Compliance with Kansas Statutes**

We noted no violations of Kansas Statutes during the period under examination.

**NOTE 6 – Compensated Absences**

Vacation is provided to central office employees and head high school and elementary secretaries (three weeks), custodians (two weeks), principals (one week) and the Superintendent (twenty days). All employees receiving vacation time are encouraged to use it timely. Vacation days not used during the year are not carried forward to the next year.

Employees receive one day per month worked for sick leave. Sick leave can accumulate as long as the employee is employed by the District. Accumulated sick leave will only be paid after the employee has been with the District ten years and leaves or retires, and then one out of each seven days accumulated will be paid up to a maximum of thirty days. An employee can forfeit two days of accumulated sick leave for one day of personal or professional leave. Maximum days that can be forfeited per year is six days.

Each employee receives two days per year for personal leave and two days per year bereavement leave.

The District has not accrued compensated absences because the amount cannot be reasonably estimated.

UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – Interfund Transactions**

From	To	Statutory Authority	Amount
General Fund	Special Education Fund	K.S.A. 72-6428	\$ 671,748
General Fund	Vocational Education Fund	K.S.A. 72-6428	20,000
General Fund	At-Risk Fund (K-12)	K.S.A. 72-6428	180,000
Supplemental General Fund	At-Risk Fund (K-12)	K.S.A. 72-6425	215,240
Supplemental General Fund	Food Service Fund	K.S.A. 72-6425	45,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-6425	45,820
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6425	25,000

**NOTE 8 – Other Post Employment Benefits**

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

**NOTE 9 – Contingency**

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such disallowances, if any, will not be significant to the District's financial statements.

UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 – Subsequent Events**

Subsequent events for management's review have been evaluated through October 7, 2011. The date in the prior sentence is the date the financial statements were available to be issued.

**NOTE 11 – Cash Basis Exception**

The State of Kansas statutes exempt all funds from a cash basis violation if the violation was as result of delayed payment by the state.

**NOTE 12 – Compliance with K.S.A. 72-6417 (d) and K.S.A. 72-6434 (d)**

K.S.A. 72-6417 (d) and K.S.A. 72-6434 (d) requires the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by the Statutes:

## NOTE - 12 (continued)

USD #420 OSAGE CITY, KANSAS

## GENERAL FUND

## STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET

For the Year Ended June 30, 2011

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 459,451	\$ 439,129	\$ 20,322
Delinquent tax	10,447	5,507	4,940
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	227,893	82,840	145,053
State aid/grants	4,157,711	4,461,847	(304,136)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
<b>Total Cash Receipts</b>	<u>4,855,502</u>	<u>4,989,323</u>	<u>(133,821)</u>
<b>EXPENDITURES</b>			
Instruction	2,166,820	2,002,347	(164,473)
Student support services	152,679	146,080	(6,599)
Instruction support staff	190,091	187,733	(2,358)
General administration	149,385	135,900	(13,485)
School administration	346,815	320,811	(26,004)
Operations and maintenance	731,290	486,975	(244,315)
Student transportation services	129,584	101,846	(27,738)
Central support services			0
Other support services	117,090	52,319	(64,771)
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	871,748	1,555,312	683,564
Adjustment to comply with legal max		(133,821)	(133,821)
Adjustment for qualifying budget credits		0	0
<b>Total Expenditures</b>	<u>4,855,502</u>	<u>\$ 4,855,502</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
<b>Unencumbered Cash, Ending</b>	<u>\$ 0</u>		



## NOTE - 12 (continued)

USD #420 OSAGE CITY, KANSAS  
SUPPLEMENTAL GENERAL FUND  
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 325,746	\$ 364,498	\$ (38,752)
Delinquent tax	5,725	3,257	2,468
Motor vehicle tax	34,327	38,336	(4,009)
RV tax	589	639	(50)
Mineral production tax			0
Federal grants			0
State aid/grants	387,018	389,829	(2,811)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>753,405</u>	<u>796,559</u>	<u>(43,154)</u>
<b>EXPENDITURES</b>			
Instruction	403,940	604,922	200,982
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	331,060	130,078	(200,982)
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>735,000</u>	<u>\$ 735,000</u>	<u>\$ 0</u>
<b>Total Expenditures</b>			
	<u>735,000</u>	<u>\$ 735,000</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	18,405		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>18,405</u>		

UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 13 - Long-Term Debt

Changes in long-term liabilities for the District for the year ended June 30, 2011 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>										
2008 Issue	2.30% - 4.10%	7/23/08	\$ 4,515,000	9/1/19	\$ 4,190,000	\$ 0	\$ 350,000	\$ (350,000)	\$ 3,840,000	\$ 143,710
Capital Leases:										
None									0	-
Total Long Term Debt					\$ 4,190,000	\$ 0	\$ 350,000	\$ (350,000)	\$ 3,840,000	\$ 143,710
Current maturities of long-term debt for the next five year increments through maturity are as follows:										
		2012	2013	2014	2015	2016	2017-2020	Total		
<b>Principal</b>										
General Obligation Bonds	\$ 365,000	\$ 375,000	\$ 390,000	\$ 405,000	\$ 425,000	\$ 1,880,000	\$ 3,840,000	0		
Special Assessment Bonds								0		
Certificates of Participation								0		
Capital Leases								0		
Revenue Bonds								0		
No-Fund Warrants								0		
Temporary Notes								0		
Total Principal	365,000	375,000	390,000	405,000	425,000	1,880,000	3,840,000			
<b>Interest</b>										
General Obligation Bonds	133,685	122,210	109,580	95,863	81,125	154,541	697,004	0		
Special Assessment Bonds							0	0		
Certificates of Participation							0	0		
Capital Leases							0	0		
Revenue Bonds							0	0		
No-Fund Warrants							0	0		
Temporary Notes							0	0		
Total Interest	133,685	122,210	109,580	95,863	81,125	154,541	697,004			
Total Principal and Interest	\$ 498,685	\$ 497,210	\$ 499,580	\$ 500,863	\$ 506,125	\$ 2,034,541	\$ 4,537,004			

The notes to the financial statements are an integral part of this statement.

Board of Education  
Unified School District No. 420  
Osage City, Kansas 66523

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL COMPLIANCE REPORTING AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of Unified School District No. 420, Osage City, Kansas as of and for the year ended June 30, 2011, and have issued our report thereon dated October 7, 2011. In our report, our opinion was qualified due to the use of another comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Unified School District No. 420's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District No. 420's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

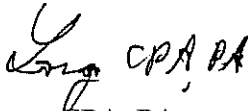
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Education  
Unified School District No. 420  
Osage City, Kansas 66523

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Unified School District No. 420's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Long CPA, PA".

Long CPA, PA  
A Professional Association  
Certified Public Accountants

October 7, 2011

Board of Education  
Unified School District No. 420  
Osage City, Kansas 66523

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133**

**Compliance**

We have audited the compliance of Unified School District No. 420 Osage City, Kansas with the types of compliance requirements described in the U.S. Office Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2011. Unified School District No. 420's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Unified School District No. 420's management. Our responsibility is to express an opinion on Unified School District No. 420's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 420's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Unified School District No. 420's compliance with those requirements.

In our opinion, Unified School District No. 420 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Board of Education  
Unified School District No. 420  
Osage City, Kansas 66523

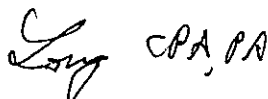
### **Internal Control Over Compliance**

The management of Unified School District No. 420 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Unified School District No. 420's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Long CPA, PA  
A Professional Association  
Certified Public Accountant

October 7, 2011

UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	Federal Expenditures
<hr/>			
U.S. Department of Education			
<hr/>			
<b>Passed through State Department of Education:</b>			
Title I	84.010	*	\$ 104,029
Title II - Teacher Quality	84.367	*	29,207
Title II - Tech Literacy	84.318	*	352
Title II - Tech Literacy - ARRA	84.386	*	2,284
Title I Low Income - ARRA	84.389	*	58,730
Stabilization - ARRA	84.394	*	82,840
Education Jobs Fund	84.410	*	145,053
<hr/>			
U.S. Department of Agriculture			
<hr/>			
<b>Passed through State Department of Education:</b>			
School Breakfast Program	10.553	*	32,474
National School Lunch Program	10.555	*	143,318
<hr/>			
Total Federal Assistance			<u>\$ 598,287</u>

\* Not available

The accompanying notes to financial statements are an integral part of this statement.

OSAGE CITY UNIFIED SCHOOL DISTRICT #420  
Osage City, Kansas

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended June 30, 2011

A. Summary of Audit Results

1. The auditors' report expresses a qualified opinion on the general purpose financial statements of Osage City USD #420.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on a Audit of Financial Statements Performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial statements of Osage City USD #420 were disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for Osage City USD #420 expresses an unqualified opinion on all major federal programs.
5. Audit findings relative to the major federal award programs for Osage City USD #420 are reported in this schedule.
6. The programs tested as major programs included:  
Department of Education  
Stabilization Grant – ARRA CFDA No. 84.394  
Education Jobs Fund CFDA 84.410
7. Osage City USD #420 was not determined to be a low-risk auditee.
8. The threshold for distinguishing types A and B programs was \$300,000.

B. Findings – Financial Statement Audit  
None

C. Findings and Questioned Costs – Major Federal Awards Programs Audit  
Department of Education  
Stabilization Grant – ARRA CFDA No. 84.394  
Education Jobs Fund CFDA 84.410

No findings of noncompliance or questioned costs were noted.

The accompanying notes to financial statements are an integral part of this statement



OSAGE CITY UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
June 30, 2011

**NOTE 1 – Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 420 Osage City, Kansas and is presented on the statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Statutory Basis of Accounting** – The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

Unified School District No. 420 has obtained a waiver from generally accepted accounting principles which allows the district to revert to statutory basis of accounting.

**Departure from Generally Accepted Accounting Principles** – The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and mature principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles.

OSAGE CITY UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
June 30, 2011

**NOTE 1 – Basis of Accounting (continued)**

**Departure from Generally Accepted Account Principles (ctd.)** - General fixed assets that account for the land, buildings, and equipment owned by the district are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

**NOTE 2 – Pass-Through Awards**

Unified School District No. 420 receives certain federal awards in the form of pass-through awards from the State of Kansas. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards.

**NOTE 3 – Major Programs**

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. The Stabilization Grant (ARRA) and Education Jobs Fund have been determined by the independent auditor to be a major programs.

**NOTE 4 – Contingencies**

The District receives funds under various federal grant programs and such awards are to be expended in accordance with provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Managements believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.